

HART COUNTY, GEORGIA
AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2007

HART COUNTY, GEORGIA
September 30, 2007

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February 18, 2008

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Commissioners
Hart County
Hartwell, Georgia

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of and for the year ended September 30, 2007 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hart County, Georgia's management. My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Hart County Health Department, a nonmajor component unit, as of and for the year then ended June 30, 2007, which statements reflect total assets of \$157,684 as of June 30, 2007, and total revenues of \$616,977 for the year then ended. These financial statements of the Health Department were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included in the component unit column, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provides a reasonable basis for my opinions.

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hart County, Georgia as of September 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 18, 2008, on my consideration of the County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hart County, Georgia's basic financial statements. The combining nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Hart County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2007. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes, please read it in conjunction with the County's financial statements.

Financial Highlights

The total assets of Hart County were \$63,153,218, which exceeded its liabilities of \$2,064,072 at the close of the most recent fiscal year by \$61,089,146.

The government's total net assets increased by \$33,316,132, of which \$32,004,444 was due to the County complying with GASB Statement #34 with regards to the reporting of infrastructure.

As of the close of the 2007 fiscal year, Hart County's governmental funds reported combined ending fund balances of \$8,654,960 a decrease of \$198,445 in comparison with the prior year.

At the end of the 2007 fiscal year, unreserved fund balance for the general fund was \$5,830,089 or 58% of total general fund expenditures. The County has made long range plans that will be utilizing fund balance reserves for major one time capital expenditures including new office space for the Sheriffs Office, Tax Assessors, Tax Commissioner, Veterans Affairs, Voter Registration and Economic Development. Additional major one time capital projects include updates to the Tax Maps, and a planned contract tax revaluation. The County Administrator is recommending a total of 25-50% of general fund reserves be maintained for cash flow and emergency needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Hart County's basic financial statements. Hart County's basic financial statements are compromised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements provide a broad overview of Hart County finances in a manner similar to that of private-sector businesses. The statements include:

Statement of net assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

Statement of activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the government-wide financial statements identify the various functions of Hart County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Hart County, Georgia include general government, judicial, health and welfare, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of Hart County, Georgia are its Solid Waste and Recycling operations.

Government-wide financial statements. The government-wide financial statements include not only Hart County, Georgia itself (known as the primary government), but also legally separate component units (Library, Health Department, The Joint Development Authority of Franklin, Hart and Stephens Counties, and the Water & Sewer Authority) for which Hart County, Georgia is financially accountable. Financial information for these component units is reported separately from financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, SPLOST #2 and SPLOST #3, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts annual appropriated budgets for its general fund, capital projects funds, proprietary fund and special revenue funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with its budget.

Proprietary funds. The County maintains one proprietary fund. Proprietary funds are used to account for quasi-business functions where revenues typically come from charges or fees. The County uses a proprietary fund to account for its solid waste operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste operation, which is a major fund of the County.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's schedule of budgetary comparisons and supplementary information regarding combining and individual fund statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net assets may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition. Hart County's assets exceeded liabilities by \$61,089,000 at the close of the fiscal year. This represents an increase of approximately 120% (Over \$33 million) from fiscal year 2006. The drastic increase was due to recognizing prior year's infrastructure through a prior period adjustment. See Note 15 for additional information. The table below shows the split of net assets between governmental and business-type activities.

HART COUNTY, GEORGIA'S NET ASSETS September 30, 2007

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 6,862	\$ 7,108	\$ 2,024	\$ 1,880	\$ 8,886	\$ 8,988
Other assets	2,698	2,584	33	61	2,731	2,645
Capital assets	51,075	17,864	461	442	51,536	18,306
Total assets	<u>60,635</u>	<u>27,556</u>	<u>2,518</u>	<u>2,383</u>	<u>63,153</u>	<u>29,939</u>
Other liabilities	754	679	57	99	811	778
Long term debt outstanding	853	967	400	421	1,253	1,388
Total liabilities	<u>1,607</u>	<u>1,646</u>	<u>457</u>	<u>520</u>	<u>2,064</u>	<u>2,166</u>
Net assets:						
Invested in capital assets, net of debt	50,108	16,789	461	442	50,569	17,231
Unrestricted	8,920	9,121	1,600	1,421	10,520	10,542
Total net assets	<u>\$ 59,028</u>	<u>\$ 25,910</u>	<u>\$ 2,061</u>	<u>\$ 1,863</u>	<u>\$ 61,089</u>	<u>\$ 27,773</u>

By far the largest portion of the County's net assets at the end of the fiscal year were invested in capital assets. The more than \$50 million represents the investment in those assets less any outstanding debt used to acquire those assets. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt.

HART COUNTY GEORGIA'S CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2007

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES						
Program revenues						
Charges for services	\$ 2,197	\$ 2,127	\$ 1,037	\$ 815	\$ 3,234	\$ 2,942
Grants and contributions	853	979	55	-	908	979
General revenues						
Taxes	11,269	11,353	-	-	11,269	11,353
Interest	439	470	104	76	543	546
Other	41	224	-	-	41	224
Total revenues	<u>14,799</u>	<u>15,153</u>	<u>1,196</u>	<u>891</u>	<u>15,995</u>	<u>16,044</u>
EXPENSES						
Governmental Activities	13,540	11,701	-	-	13,540	11,701
Solid Waste	-	-	1,143	1,019	1,143	1,019
Total expenses	<u>13,540</u>	<u>11,701</u>	<u>1,143</u>	<u>1,019</u>	<u>14,683</u>	<u>12,720</u>
Transfers	<u>(145)</u>	<u>(335)</u>	<u>145</u>	<u>335</u>	<u>-</u>	<u>-</u>
Increase in net assets	1,114	3,117	198	207	1,312	3,324
Net assets, Beginning	25,910	22,793	1,863	1,656	27,773	24,449
Prior period adjustment	32,004	-	-	-	32,004	-
Net assets, Ending	<u>\$ 59,028</u>	<u>\$ 25,910</u>	<u>\$ 2,061</u>	<u>\$ 1,863</u>	<u>\$ 61,089</u>	<u>\$ 27,773</u>

Total government-wide revenue for FY 2007 was \$16 million with \$11.3 million in taxes, \$.9 million in grants and contributions, \$.5 million in investment earnings, \$.3 million in charges for services and \$.1 million in other revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements.

Governmental revenues were down \$.5 million from FY 2006. Taxes decreased \$.2 million while investment earnings remained about the same. The decrease of tax revenue over FY 2006 was the primary reason why governmental revenues decreased. In FY07, for the fifth year in a row, the Hart County Board of Commissioners lowered the unincorporated property tax millage rate to take advantage of excess fund balance reserves. It is important to note that the lower millage rate only affects the revaluation of existing properties and should be revenue neutral on existing property taxes.

Property tax revenues consisted of over \$4.8 million, while sales tax revenues also exceeded \$5.5 million in the governmental funds. Sales taxes are a key revenue source that the Hart County Board of Commissioners utilizes to keep property taxes low. The Hart County unincorporated tax millage rate is one of the lowest rates in the State of Georgia. However, the County cautiously monitors sales tax revenues due to their instability in relation to property tax revenues.

Expenditures in the governmental funds were \$14.8 million of which \$4.7 million was for public safety. The general fund expenditures per capita in Hart County are the lowest rate of expenditure per capita in comparison with 10 surrounding Georgia Counties.

Transfers from insurance premium tax proceeds to business type funds (Solid Waste) amounted to \$145,092 during FY 2007. The County also contributes funds to component units in order to provide resources for capital purchases and improvements, economic development as well as expenses and expenditures for every day operation. The total monies contributed or expended on behalf of component units amounted to almost \$500,000 during FY 2007.

Proprietary fund. The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Revenues in business type activities (Solid Waste Fund) was almost \$1.2 million which was about a \$300,000 increase over the previous year.

Expenses in business-type activities (Solid Waste Fund) was approximately \$1.1 million, thus creating the need for supplemental income (transfer) from the insurance premium tax fund of \$145,092 in FY 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Hart County's Government-wide investment in capital assets at September 30, 2007 was \$51.5 million, net of \$18.8 million in accumulated depreciation. The investment, which includes land, buildings, roads, bridges, machinery and equipment, park facilities, infrastructure and vehicles, is covered in Note 6.

Major capital asset additions in 2007 consisted of over \$35 million, all of which were recorded by the governmental activities. The additions were composed of machinery and equipment of approximately \$200,000, infrastructure of \$32 million (due to compliance with GASB Statement #34 reporting), almost \$1.2 million in land, additional construction in progress of approximately \$470,000 and Building upgrades for \$500,000.

Long-term debt decreased by approximately \$86,000 during FY 2007. During this time there were no new Long-Term Debts incurred. Additional information on the County's debt is contained in Note 7.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget, the final budget and actual results of the General Fund are shown on the Budgetary Comparison Schedule.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of Hart County's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk to the Commission at 800 Chandler Street, Hartwell, GA 30643.

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2007

Basic Financial Statements

HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2007

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL		BUSINESS-TYPE TOTAL	GOVERNMENTAL BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES		ACTIVITIES (nonmajor)	ACTIVITIES (major)
ASSETS					
Cash and cash equivalents	\$ 6,862,111	\$ 2,023,473	\$ 8,885,584	\$ 175,644	\$ 846,674
Receivables(net of allowance for uncollectibles)	1,516,471	12,881	1,529,352	22,738	46,457
Intergovernmental Receivables	757,097	-	757,097	-	-
Inventory	117,493	23,238	140,731	-	265
Internal Balances	3,038	(3,038)	-	-	-
Prepaid items	-	-	-	-	310
Restricted cash	3,600	-	3,600	-	426,954
Note Receivables	299,940	-	299,940	-	-
Capital assets:					
Land and improvements	1,895,336	-	1,895,336	-	4,212,334
Buildings	7,930,313	21,699	7,952,012	-	-
Water lines	-	-	-	-	6,892,724
Construction in progress	1,044,799	-	1,044,799	-	301,322
Machinery, equipment and other	4,199,239	592,966	4,792,205	177,196	147,569
Vehicles	3,676,372	142,562	3,818,934	-	-
Infrastructure	50,230,714	-	50,230,714	-	-
Books and collections	-	-	-	860,209	-
Recreational upgrades	604,628	-	604,628	-	-
Less accumulated depreciation	(18,505,901)	(295,813)	(18,801,714)	(457,841)	(1,066,725)
Capital assets, net of depreciation	51,075,500	461,414	51,536,914	579,564	10,487,224
<i>Total Assets</i>	<u>60,635,250</u>	<u>2,517,968</u>	<u>63,153,218</u>	<u>777,946</u>	<u>11,807,884</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	178,504	25,283	203,787	7,423	37,709
Other accrued items	58,607	2,644	61,251	-	2,084
Intergovernmental Payables	95,211	-	95,211	-	-
Customer deposits	14,938	-	14,938	-	15,435
Unearned Revenue	12,750	-	12,750	-	-
Compensated absences	279,409	8,414	287,823	26,000	-
Capital lease payable - current	114,734	-	114,734	-	-
Notes payable - current	-	-	-	-	66,623
Landfill closure/postclosure	-	21,028	21,028	-	-
Noncurrent liabilities:					
Capital lease payable (net of current portion)	853,012	-	853,012	-	-
Compensated absences (net of current portion)	-	-	-	1,866	-
Notes payable (net of current portion)	-	-	-	-	686,240
Landfill closure/postclosure (net of current portion)	-	399,538	399,538	-	-
<i>Total Liabilities</i>	<u>1,607,165</u>	<u>456,907</u>	<u>2,064,072</u>	<u>35,289</u>	<u>808,091</u>
NET ASSETS					
Invested in capital assets, net of related debt	50,107,754	461,414	50,569,168	579,564	9,734,361
Restricted for:					
Capital projects and other	-	-	-	-	412,434
Debt service	-	-	-	-	14,520
Unrestricted	8,920,331	1,599,647	10,519,978	163,093	838,478
<i>Total Net Assets</i>	<u>\$ 59,028,085</u>	<u>\$ 2,061,061</u>	<u>\$ 61,089,146</u>	<u>\$ 742,657</u>	<u>\$ 10,999,793</u>

Accompanying notes to financial statements are an integral part of this statement

HART COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2007

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				COMPONENT UNITS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL	GOVERNMENTAL ACTIVITIES (nonmajor)	BUSINESS-TYPE ACTIVITIES (major)	
PRIMARY GOVERNMENT:										
GOVERNMENTAL ACTIVITIES										
General Government	\$ 1,808,753	\$ 62,354	\$ 28,929	\$ -	\$ (1,717,470)	\$ -	\$ (1,717,470)	\$ -	\$ -	
Judicial	978,562	672,073	1,419	-	(305,070)	-	(305,070)	-	-	
Public Health and Welfare	509,375	187,290	61,825	-	(260,260)	-	(260,260)	-	-	
Public Safety	4,801,290	1,211,961	28,684	75,566	(3,485,079)	-	(3,485,079)	-	-	
Public Works	3,716,123	-	56,285	141,712	(3,518,126)	-	(3,518,126)	-	-	
Recreation and Culture	417,187	58,039	3,102	450,000	93,954	-	93,954	-	-	
Housing and Development	431,895	5,187	5,292	-	(421,416)	-	(421,416)	-	-	
Intergovernmental	820,697	-	-	-	(820,697)	-	(820,697)	-	-	
Interest and paying agent fees	55,679	-	-	-	(55,679)	-	(55,679)	-	-	
Total Governmental Activities	13,539,561	2,196,904	185,536	667,278	(10,489,843)	-	(10,489,843)	-	-	
BUSINESS-TYPE ACTIVITIES										
Solid Waste	1,143,022	1,037,183	55,005	-	-	(50,834)	(50,834)	-	-	
Total Primary Government	\$ 14,682,583	\$ 3,234,087	\$ 240,541	\$ 667,278	(10,489,843)	(50,834)	(10,540,677)	\$ -	\$ -	
COMPONENT UNITS										
Water & Sewer	\$ 605,293	\$ 546,188	\$ 76,000	\$ 259,008	-	-	-	-	\$ 275,903	
The Joint Dev. Authority	134,203	1,500	21,925	48,446	-	-	-	-	(62,332)	
Library	363,976	2,274	292,584	-	-	-	-	(69,118)	-	
Health Department	685,256	323,712	288,130	-	-	-	-	(73,414)	-	
Total Component Units	\$ 1,788,728	\$ 873,674	\$ 678,639	\$ 307,454	-	-	(142,532)	213,571	-	
GENERAL REVENUES										
Property Taxes					4,812,700	-	4,812,700	-	-	
Sales Taxes					5,549,836	-	5,549,836	-	-	
Other Taxes					846,772	-	846,772	-	-	
Alcoholic beverage taxes					59,732	-	59,732	-	-	
Investment Earnings					438,455	104,302	542,757	2,081	-	
Miscellaneous					40,568	-	40,568	5,172	60,756	
TRANSFERS					(145,092)	145,092	-	-	-	
Total General Revenues and Transfers					11,602,971	249,394	11,852,365	7,253	60,756	
CHANGE IN NET ASSETS					1,113,128	198,560	1,311,688	(135,279)	274,327	
NET ASSETS, Beginning					25,910,513	1,862,501	27,773,014	879,417	10,492,093	
Prior Period Adjustment					32,004,444	-	32,004,444	(1,481)	233,373	
NET ASSETS, Ending					\$ 59,028,085	\$ 2,061,061	\$ 61,089,146	\$ 742,657	\$ 10,999,793	

Accompanying notes to financial statements are an integral part of this statement

HART COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	GENERAL	SPLOST#2	SPLOST#3	OTHER NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$2,633,165	\$ 746,413	\$ 1,433,090	\$ 2,049,443	\$ 6,862,111
Inventory	72,249	45,244	-	-	117,493
Receivables(net of allowance for uncollectibles)	1,415,782	24,129	-	76,560	1,516,471
Intergovernmental receivables	69,459	-	687,638	-	757,097
Due from other funds	2,003,121	-	-	-	2,003,121
Restricted cash	3,600	-	-	-	3,600
TOTAL ASSETS	\$6,197,376	\$ 815,786	\$ 2,120,728	\$ 2,126,003	\$ 11,259,893
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 38,757	\$ 3,220	\$ 105,003	\$ 31,524	\$ 178,504
Other accrued items	56,002	-	-	2,605	58,607
Intergovernmental payable	-	-	95,211	-	95,211
Due to other funds	-	-	2,000,000	83	2,000,083
Customer deposits	14,938	-	-	-	14,938
Unearned revenue	12,750	-	-	-	12,750
Deferred revenue	244,840	-	-	-	244,840
TOTAL LIABILITIES	367,287	3,220	2,200,214	34,212	2,604,933
FUND BALANCES					
Unreserved, undesignated, reported in					
General Fund	5,830,089	-	-	-	5,830,089
Special Revenue Funds	-	-	-	1,996,875	1,996,875
Capital Projects Funds	-	812,566	(79,486)	94,916	827,996
TOTAL FUND BALANCES (DEFICIT)	5,830,089	812,566	(79,486)	2,091,791	8,654,960
TOTAL LIABILITIES AND FUND BALANCES	\$6,197,376	\$ 815,786	\$ 2,120,728	\$ 2,126,003	\$ 11,259,893

Accompanying notes to financial statements are an integral part of this statement

Hart County, Georgia
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2007

Total Governmental Fund Balance **\$ 8,654,960**

Amounts Reported for Governmental Activities in the **Statement of Net Assets** differs from the amount reported on the **Balance Sheet** for the Governmental Funds because:

Certain long-term assets are not reported in the fund financial statement because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net assets.

Note Receivable	\$ 302,747	
Less 60-Day Collections Reported as a Receivable at the Fund Level	<u>(2,807)</u>	299,940

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the Statement of Net Assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. These assets consist of:

Land and improvements	1,895,336	
Buildings	7,930,313	
Construction in progress	1,044,799	
Machinery, equipment and other	4,199,239	
Vehicles	3,676,372	
Infrastructure	50,230,714	
Recreational upgrades	604,628	
Accumulated depreciation	<u>(18,505,901)</u>	
Total capital assets		51,075,500

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Property Taxes	244,840
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Interfund receivables and payable between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:

Interfund Receivables	(2,000,083)	
Interfund Payables	<u>2,000,083</u>	-

Some Liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital Leases	(967,746)	
Compensated Absences	<u>(279,409)</u>	
Total Capital Leases and Compensated Absences		<u>(1,247,155)</u>

Net Assets of Governmental Activities **\$ 59,028,085**

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	GENERAL	SPLOST#2	SPLOST#3	OTHER NONMAJOR FUNDS	TOTAL
REVENUES					
Taxes	\$ 6,999,942	\$ -	\$ 3,171,723	\$ 819,871	\$10,991,536
Licenses and permits	59,780	-	-	-	59,780
Intergovernmental	812,542	-	75,566	168,845	1,056,953
Fines and forfeitures	474,719	-	-	129,244	603,963
Charges for services	802,456	-	-	588,592	1,391,048
Investment earnings	202,487	66,390	47,989	121,588	438,454
Contributions and donations	2,014	-	-	-	2,014
Miscellaneous	181,116	-	-	35,629	216,745
TOTAL REVENUES	9,535,056	66,390	3,295,278	1,863,769	14,760,493
EXPENDITURES					
Current Expenditures					
General Government	2,146,684	-	-	19,241	2,165,925
Judicial	963,294	-	-	5,483	968,777
Public Safety	3,949,710	2,531	13,059	725,104	4,690,404
Public Works	1,406,249	364,390	174,120	217,569	2,162,328
Health and Welfare	394,428	-	-	111,465	505,893
Recreation and Culture	922,948	6,725	-	-	929,673
Housing and Development	265,774	37,855	115,817	12,487	431,933
Intergovernmental	-	358,330	462,367	-	820,697
Capital Outlay	-	465,169	1,509,469	-	1,974,638
Debt Service					
Principal	-	-	-	107,899	107,899
Interest and paying agent fees	-	-	-	55,679	55,679
TOTAL EXPENDITURES	10,049,087	1,235,000	2,274,832	1,254,927	14,813,846
EXCESS OF REVENUES OVER (EXPENDITURES)	(514,031)	(1,168,610)	1,020,446	608,842	(53,353)
OTHER FINANCING SOURCES(USES)					
Transfers out	-	-	-	(145,092)	(145,092)
NET CHANGE IN FUND BALANCES	(514,031)	(1,168,610)	1,020,446	463,750	(198,445)
FUND BALANCES, Beginning of year	6,344,120	1,981,176	(1,099,932)	1,628,041	8,853,405
FUND BALANCES (DEFICIT), End of year	\$ 5,830,089	\$ 812,566	\$ (79,486)	\$ 2,091,791	\$ 8,654,960

Hart County, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2007

Net Change in Fund Balances - Total Governmental Funds: **\$ (198,445)**

Amounts reported for governmental activities on the *Statement of Activities* are different from the amounts reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance* because:

The book value of capital asset dispositions are reported on the statement of activities but not reported in the governmental funds. (92,446)

The Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for Capital Assets	\$ 3,271,182	
Less Current Year Depreciation	(1,971,981)	
Excess of capital outlay over depreciation expense		1,299,201

The repayment of the principal of long-term debt consumes current financial resources of the governmental funds; however, it does not have any effect on net assets. This is the amount of debt reduction during the year.

Loan Repayments		107,899
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Proceeds from contractual obligations (note receivables) are recorded as revenue in the funds, but have no effect on net assets.

Payments received		(32,643)
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Compensated Absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental funds.

Liability @ 9/30/07	(279,409)	
Liability @ 9/30/06	239,040	(40,369)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Deferred Revenue at 9/30/07	244,840	
Deferred Revenue at 9/30/06	(174,909)	
Total Decrease in Deferred Revenue		69,931

Change in Net Assets of Governmental Activities **\$ 1,113,128**

**HART COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2007**

	<u>SOLID WASTE</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,023,473
Receivables(net of allowance for uncollectibles)	12,881
Inventory	23,238
Total Current Assets	<u>2,059,592</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles	142,562
Machinery, equipment and other	592,966
Buildings	21,699
Less: Accumulated depreciation	<u>(295,813)</u>
Total Capital Assets (Net of accumulated depreciation)	<u>461,414</u>
TOTAL ASSETS	<u><u>2,521,006</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	25,283
Other accrued items	2,644
Due to other funds	3,038
Compensated absences	8,414
Landfill closure and post closure	21,028
Total Current Liabilities	<u>60,407</u>
Non-Current Liabilities:	
Landfill closure and post closure (net of current portion)	<u>399,538</u>
Total Liabilities	<u>459,945</u>
NET ASSETS	
Invested in Capital Assets	461,414
Unrestricted	<u>1,599,647</u>
TOTAL NET ASSETS	<u><u>\$ 2,061,061</u></u>

HART COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2007

	<u>SOLID WASTE</u>
OPERATING REVENUES	
Intergovernmental	\$ 55,005
Charges for Services - Refuse Collection	<u>1,037,183</u>
TOTAL OPERATING REVENUES	<u>1,092,188</u>
OPERATING EXPENSES	
Personnel services	364,465
Professional Services	45,983
Purchased Property Services	9,342
Other Purchased Services	623,904
Supplies and Other	68,644
Depreciation	<u>30,684</u>
TOTAL OPERATING EXPENSES	<u>1,143,022</u>
OPERATING INCOME (LOSS)	<u>(50,834)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	<u>104,302</u>
INCOME (LOSS) BEFORE TRANSFERS	53,468
Transfers In	<u>145,092</u>
CHANGE IN NET ASSETS	198,560
TOTAL NET ASSETS, Beginning of Year	<u>1,862,501</u>
TOTAL NET ASSETS, End of Year	<u><u>\$ 2,061,061</u></u>

HART COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2007

	SOLID WASTE
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 1,134,202
Payments to Vendors and Other Suppliers	(807,244)
Payments to Employees	(361,961)
Net Cash (Used) by Operating Activities	<u>(35,003)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	<u>145,092</u>
CASH FLOWS (TO) CAPITAL AND RELATED FINANCING ACTIVITIES:	
Decrease in Landfill Closure and Post Closure	(21,028)
Purchase of Capital Assets	(49,783)
Net Cash (Used) by Financing Activities	<u>(70,811)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Earnings	<u>104,302</u>
Net Increase in Cash and Cash Equivalents	143,580
CASH, Beginning of Year	<u>1,879,893</u>
CASH, End of Year	<u><u>\$ 2,023,473</u></u>
Reconciliation of Operating Loss to Net Cash Flows (Used) by Operating Activities	
Operating Loss	\$ (50,834)
Adjustments to Reconcile Operating Loss to Net Cash Flows (Used) by Operating Activities:	
Depreciation Expense	30,684
Change In Assets and Liabilities:	
Accounts Receivable	42,014
Inventory	(12,729)
Accounts Payable	(44,028)
Due to other funds	(2,614)
Compensated Absences	2,239
Accrued Expenses	<u>265</u>
Net Cash Used by Operating Activities	<u><u>\$ (35,003)</u></u>

HART COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2007

	Agency Funds Total
ASSETS	
Cash	\$ 359,502
Taxes Receivable	1,280,078
TOTAL ASSETS	\$ 1,639,580
LIABILITIES	
Due to Others	\$ 1,639,580
TOTAL LIABILITIES	\$ 1,639,580

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
MAJOR COMPONENT UNITS - BUSINESS-TYPE ACTIVITIES
September 30, 2007

	Water & Sewer Authority	The Joint Development Authority of Franklin, Hart & Stephens	Total Business-Type Activities (Major)
ASSETS			
Cash and cash equivalents	\$ 841,300	\$ 5,374	\$ 846,674
Receivables(net of allowance for uncollectibles)	46,457	-	46,457
Prepaid items	310	-	310
Inventory	265	-	265
Restricted cash	-	426,954	426,954
Capital assets:			
Land and improvements	-	4,212,334	4,212,334
Water lines	6,892,724	-	6,892,724
Machinery, equipment, and other	147,569	-	147,569
Construction in progress	301,322	-	301,322
Less accumulated depreciation	(925,403)	(141,322)	(1,066,725)
Capital assets, net of depreciation	<u>6,416,212</u>	<u>4,071,012</u>	<u>10,487,224</u>
 <i>Total Assets</i>	 <u>7,304,544</u>	 <u>4,503,340</u>	 <u>11,807,884</u>
LIABILITIES			
Current Liabilities			
Accounts payable	37,709	-	37,709
Notes payable	11,328	55,295	66,623
Customer deposits	15,435	-	15,435
Other accrued items	2,084	-	2,084
Total Current Liabilities	<u>66,556</u>	<u>55,295</u>	<u>121,851</u>
Non-Current Liabilities			
Note Payable	<u>72,929</u>	<u>613,311</u>	<u>686,240</u>
 <i>Total Liabilities</i>	 <u>139,485</u>	 <u>668,606</u>	 <u>808,091</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,331,955	3,402,406	9,734,361
Restricted for:			
Capital Projects	-	412,434	412,434
Debt Service	-	14,520	14,520
Unrestricted	<u>833,104</u>	<u>5,374</u>	<u>838,478</u>
 <i>Total Net Assets</i>	 <u><u>\$7,165,059</u></u>	 <u><u>\$3,834,734</u></u>	 <u><u>\$ 10,999,793</u></u>

Accompanying notes to financial statements are an integral part of this statement

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
MAJOR COMPONENT UNITS - BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2007

	Water & Sewer Authority	The Joint Development Authority of Franklin, Hart & Stephens	Total Business-Type Activities (Major)
OPERATING REVENUES			
Charges for Services-Water & Sewer	\$ 493,399	\$ -	\$ 493,399
Connection Fees	52,789	-	52,789
Intergovernmental	76,000	21,925	97,925
Other fees	-	1,500	1,500
<i>Total Operating Revenue</i>	<u>622,188</u>	<u>23,425</u>	<u>645,613</u>
OPERATING EXPENSES			
Personnel Services	26,174	-	26,174
Water Purchases	263,730	-	263,730
Other Services and Supplies	135,891	15,136	151,027
Utilities	3,223	-	3,223
Professional Services	26,608	37,576	64,184
Depreciation and Amortization	147,843	58,398	206,241
<i>Total Operating Expenses</i>	<u>603,469</u>	<u>111,110</u>	<u>714,579</u>
Operating Income (Loss)	<u>18,719</u>	<u>(87,685)</u>	<u>(68,966)</u>
Non-Operating Revenues (Expenses)			
Intergovernmental	249,414	48,446	297,860
Capital Contributions	9,594	-	9,594
Interest Expense	(1,824)	(23,093)	(24,917)
Investment Earnings	37,846	22,910	60,756
<i>Total Non-Operating Revenues (Expenses)</i>	<u>295,030</u>	<u>48,263</u>	<u>343,293</u>
NET CHANGE IN NET ASSETS	313,749	(39,422)	274,327
Prior Period Adjustment	233,373	-	233,373
NET ASSETS, Beginning of year	<u>6,617,937</u>	<u>3,874,156</u>	<u>10,492,093</u>
NET ASSETS, End of year	<u><u>\$7,165,059</u></u>	<u><u>\$3,834,734</u></u>	<u><u>\$ 10,999,793</u></u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
MAJOR COMPONENT UNITS - BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2007

	Water & Sewer Authority	The Joint Development Authority of Franklin, Hart & Stephens	Total Business-Type Activities (Major)
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:			
Cash received from customers	\$ 543,783	\$ -	\$ 543,783
Intergovernmental Receipts	76,000	-	76,000
Payments to vendors and other suppliers	(419,694)	(29,287)	(448,981)
Payments to employees	(24,090)	-	(24,090)
Net Cash Provided by (Used by) Operating Activities	<u>175,999</u>	<u>(29,287)</u>	<u>146,712</u>
CASH FLOWS FROM NON-CAPITAL FINANCING			
Intergovernmental	<u>249,414</u>	<u>48,446</u>	<u>297,860</u>
CASH (TO) FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(596,846)	-	(596,846)
Principal Payment of Capital Debt	(11,105)	(55,058)	(66,163)
Interest Paid	(1,824)	(23,093)	(24,917)
Net Cash (used in) Capital and Related Financing Activities:	<u>(609,775)</u>	<u>(78,151)</u>	<u>(687,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	<u>37,846</u>	<u>22,910</u>	<u>60,756</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(146,516)	(36,082)	(182,598)
Prior Period Adjustment	233,373	-	233,373
CASH, Beginning of Year	<u>754,443</u>	<u>468,410</u>	<u>1,222,853</u>
CASH, End of Year	<u><u>\$ 841,300</u></u>	<u><u>\$ 432,328</u></u>	<u><u>\$ 1,273,628</u></u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
MAJOR COMPONENT UNITS - BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2007

	Water & Sewer Authority	The Joint Development Authority of Franklin, Hart & Stephens	Total Business-Type Activities (Major)
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating Income (Loss)	\$ 18,719	\$ (87,685)	\$ (68,966)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation	147,843	58,398	206,241
Change In:			
Accounts Receivable	(8,047)	-	(8,047)
Prepaid Expenses	2,202	-	2,202
Inventory	5,487	-	5,487
Accounts Payable	2,069	-	2,069
Water Deposits	5,642	-	5,642
Other Accrued Items	2,084	-	2,084
Net Cash Provided by Operating Activities	<u>\$ 175,999</u>	<u>\$ (29,287)</u>	<u>\$ 146,712</u>

Accompanying notes to financial statements are an integral part of this statement

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hart County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(A) REPORTING ENTITY

Hart County, Georgia (the County) is a entity governed by a five member commission who serve on a part-time basis and are elected to staggered four-year terms. The commission appoints an Administrator who is responsible for the daily operations of the Government. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers.

As required by generally accepted accounting principles, these financial statements present the government and its component units. Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government. The following entities are component units of Hart County:

Hart County Library

The Hart County Library serves all citizens of Hart County and operates pursuant to Official Code of Georgia Annotated Sections 20-5-40 through 20-5-59 to provide public library services with costs shared by participating local governmental agencies and grants from the State of Georgia. The Library Board consists of 7 members appointed jointly by the Hart County Board of Commissioners, the Hartwell City Council and the Hart County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the State of Georgia for State and Federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Library Board has the power to designate management, the power to retain unreserved fund balances of local and other funds for continued operations and is the lowest level of oversight responsibility for the Library's operations. The Hart County Board of Commissioners provides a substantial amount of financial support for the operations of the Library. The Library is presented as a nonmajor governmental fund type.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hart County Health Department

Hart County Health Department is constituted and operated in accordance with the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Hart County Health Department and is responsible for the overall coordination of the local health activities. Hart County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operates under the supervision of the local Board of Health. The Health Department is presented as a nonmajor governmental fund type.

Hart County Water and Sewer Utility Authority

The Hart County Water and Sewer Utility Authority was created by House Bill No. 2141 of the Georgia Assembly on March 30, 1993. However, the Authority did not become active until fiscal year ended September 30, 2001. The Authority is governed by a five member Board appointed by the County Board of Commissioners for four year terms. The Authority is the basic level of government which has oversight responsibility and control over all activities related to water and sewerage systems in Hart County. The Authority receives most of its operating revenues from sales of water service and connection fees. The Authority pays for capital outlay (water lines) with money it receives from Hart County Special Purpose Local Option Sales Tax and other governmental grants. The Authority is also included as a component unit within the Hart County governmental "reporting entity" as defined by GASB pronouncement 14, because the Hart County Board of Commissioners appoints all members of the Authority's board and can, therefore, impose its will upon the Authority. The Authority is a major fund and reported as a business type fund.

The Joint Development Authority of Franklin, Hart and Stephens Counties

The Authority is a public body corporate and politic, and an instrumentality of the counties of Franklin, Hart and Stephens. It has been authorized by the General Assembly of Georgia and has been created and activated by concurrent resolutions of the Boards of Commissioners of said counties duly filed with the Secretary of State of Georgia as a joint development authority under O.C.G.A. 36-62.5.1.

The purpose of the Authority is to promote the economic development of the geographical areas of its operation, encourage cooperation among economic development organizations within the area of the participating counties and to exercise all the powers granted to a development authority pursuant to the provisions of O.C.G.A. 36-62-1 et seq. The Authority is a major fund and reported as a business type fund to Hart County.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Complete financial statements of the above component units may be obtained from the administrative offices at the following locations:

HART COUNTY LIBRARY

150 Benson Street
Hartwell, Georgia 30643
(June 30, 2007 year end)

HART COUNTY HEALTH DEPARTMENT

64 Reynolds Street
Hartwell, Georgia 30643
(June 30, 2007 year end)

HART COUNTY WATER AND SEWER UTILITY AUTHORITY

200 Arthur Street
Hartwell, Georgia 30643
(September 30, 2007 year end)

THE JOINT DEVELOPMENT AUTHORITY OF FRANKLIN, HART AND STEPHENS COUNTIES

P.O. Box 793
Hartwell, Georgia 30643
(June 30, 2007 year end)

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year end.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST Capital Projects Fund #2*, approved by voters in 2000, accounts for funds received from a local 1% Special Purpose Local Option Sales Tax reserved for construction of various capital projects.

The *SPLOST Capital Projects Fund #3* accounts for the financial resources provided from the 1% Special Purpose Local Option Sales Tax approved by voters in 2005. Resources are to be used for infrastructure, industrial development, recreation, fire protection and other capital outlay projects.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major proprietary funds:

The *Solid Waste Disposal Facility Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

Additionally, the government reports the following fund types:

The *Agency Funds* are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. If they conflict, GASB prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from general revenues of the County.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary fund are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days after year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, franchise tax, charges for services, interest and federal and state grants.

Deferred and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Sales taxes collected by the State of Georgia, Department of Revenue, for the August and September sales are reported as revenue at year-end. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states
2. Obligations of the United States Government
3. Obligations fully insured or guaranteed by the government or governmental agency
4. Obligations of any corporation of the government
5. Prime bankers' acceptances
6. The State of Georgia local government investment pool (i.e., Georgia Fund I)
7. Repurchase agreements
8. Obligations of other political subdivisions of the State of Georgia

Any bank deposit in excess of the total FDIC insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

All investments are recorded at cost, which approximates market value.

For the purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered to be cash equivalents include: Treasury bills, certificates of deposit, money market funds, and cash management pools.

2. Receivables and Payables

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between the governmental activities and business-type activities, which are classified and presented as "internal balances."

All trade and property tax receivables are shown net of an allowance of uncollectibles. Trade accounts receivable has no recorded allowance for doubtful accounts as bad debts are written off directly against receivables.

Property taxes attach as an enforceable lien on property as of March 21, 2007. The taxes for the 2006 digest year were billed on October 17, 2006 and had a due date of December 20, 2006. Interest of 1% per month is assessed on taxes not paid by December 21, 2006. A penalty of 10% is assessed on taxes not paid within 90 days of this date. Property taxes became past due on December 21, 2006.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Inventories and Prepaid Items

On the government-wide financial statements and on the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the proprietary funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars and an estimated useful life in excess of one year. The County's infrastructure consists of roads, bridges and water and sewer lines. Infrastructure's capitalization threshold is fifty thousand dollars. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary fund is capitalized.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-80
Machinery, Equipment and Other	5-30
Vehicles	10-30
Books and Collections	4-17
Infrastructure	30-50
Recreational Upgrades	50
Water Lines	15-50
Improvements	20-80

Beginning with Fiscal Year 2007, the County has reported all infrastructure assets in accordance with GASB Statement #34 using the depreciation method. The beginning balances of the infrastructure assets and its applicable accumulated depreciation from prior fiscal years are reported in the government wide statement as a prior period adjustment. This amounted to \$45,278,370 in gross infrastructure assets with related accumulated depreciation of \$13,273,926 for a net adjustment of \$32,004,444.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Accrued Personal and Sick Leave

It is the government's policy to permit employees to accumulate earned but unused personal and sick pay benefits. The liability for accumulated unpaid benefits have been accrued in the proprietary funds and the government-wide statements of net assets as compensated absences. These amounts are not considered a current liability within the governmental fund types balance sheets since they will be paid from appropriations of subsequent years.

6. Lease

In the government-wide financial statements, lease debt, long-term debt and other long-term obligations are reported as a liability in the applicable governmental activities or proprietary fund type statement of net assets.

7. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations, if any, of fund balance represent tentative management plans that are subject to change.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

8. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Project length budgets are adopted for the Capital Projects Funds and are then budgeted based on fiscal year expenditures. An annual operating budget is prepared for the proprietary fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are formally integrated into the proprietary fund's general ledger.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

In the beginning of the budget process, all departments and applicable component units of the government submit requests for appropriation to the government's administrator so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Then the proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners hold public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the government's administrator or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

The appropriated budget is prepared by fund, function and department and is adopted on a basis consistent with GAAP. Increases in appropriations for a department require the approval of the Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department level within individual funds.

During the year the Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS (GENERAL FUND)

Excesses are considered to be material if they are both greater than \$10,000 and over 3 percent of the department level budget (the legal level of control). Material excesses of expenditures over appropriations of the department level are presented below:

DEPARTMENT	<u>EXPENDITURES</u>	<u>BUDGETED</u>	<u>EXCESS</u>
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During FY '07, there were no excesses of expenditures over appropriations at the department level.

NOTE 3 - FINANCIAL ASSISTANCE TO COMPONENT UNITS

Hart County Primary Government contributed the following funds to component units:

<u>Component Unit</u>	<u>Amount of Assistance</u>
Hart County Library	\$ 90,000
Hart County Health Department	68,906
Hart County Water and Sewer Authority	325,271
The Joint Development Authority of Franklin, Hart and Stephens Counties	<u>10,143</u>
Total Financial Assistance to Component Units	<u><u>\$ 494,320</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 4- DEPOSITS

Deposits - The amount of the total bank balance is classified into three categories of credit risk: (1) cash that is insured or collateralized with securities held by the County or by its agent in the County's name, (2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and (3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

The County's deposits are classified as follows at September 30, 2007:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government	\$ 826,130	\$ 8,946,388	\$ -	\$ 9,772,518	\$ 9,248,686
Component Units					
Hart Co. Library	54,239	-	-	54,239	40,698
Hart Co. Health Dept.	100,000	59,042	-	159,042	134,741
Hart Co. Water & Sewer Utility	116,354	728,763	-	845,117	841,300
The Joint Development Auth. Of Franklin, Hart & Stephens Counties	105,374	329,453	-	434,827	432,328
Total Component Units	375,967	1,117,258	-	1,493,225	1,449,067
Total	<u>\$1,202,097</u>	<u>\$10,063,646</u>	<u>\$ -</u>	<u>\$ 11,265,743</u>	<u>\$ 10,697,753</u>

Primary government cash and cash equivalents reconciliation:

	Cash and Cash Equivalents
Primary Government - Fund Reporting Level:	
Governmental Funds - Balance Sheet	\$ 6,862,111
Governmental Funds - Balance Sheet (Restricted)	3,600
Proprietary Fund Type - Statement of Net Assets	2,023,473
Statement of Fiduciary Assets and Liabilities	<u>359,502</u>
Total	<u>\$ 9,248,686</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 4- DEPOSITS (CONTINUED)

Credit Risk

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the United States government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of September 30, 2007, the investments in the Georgia Fund 1 was rated AAAM by Standard & Poor's.

Of the \$9,248,686 carrying amount of cash and cash equivalents for the Primary Government, \$8,596,442 is invested in the Local Government Investment Pool "Georgia Fund 1".

Georgia Fund 1 was created by OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7-like pool. Georgia Fund 1 is managed by the Office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Total investments in Georgia Fund 1 as of September 30, 2007 are:

Georgia Fund I	AAAM rated	<u>\$ 8,596,442</u> 24 day WAM
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Interest rate risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk - deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At September 30, 2007, all deposits of the County were adequately insured or collateralized.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 5 - RECEIVABLES

Receivables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectibility.

Receivables as of year end for the County's individual major funds and nonmajor governmental funds are as follows:

	General Fund	SPLOST #2	SPLOST #3	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Property Taxes	\$ 322,736	\$ -	\$ -	\$ -	\$ 322,736
Accounts	1,712,387	24,129	-	76,560	1,813,076
Intergovernmental	69,459	-	687,638	-	757,097
Total Gross Receivables	2,104,582	24,129	687,638	76,560	2,892,909
Less: Allowance for Uncollectibles	(619,341)	-	-	-	(619,341)
Total Net Receivables	<u>\$1,485,241</u>	<u>\$ 24,129</u>	<u>\$ 687,638</u>	<u>\$ 76,560</u>	<u>\$ 2,273,568</u>
Note Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,747</u>	<u>\$ 302,747</u>

During Fiscal Year 2005, the County received an Employment Incentive Grant of \$295,176. They in turn issued a long-term note to Quality Industries, LLC in the amount of \$283,176 at a 3% interest rate per annum. The note is payable in equal consecutive installments of \$2,371.53. As of September 30, 2007 the remaining balance of the note is \$226,907 with a current amount of \$21,005.

During Fiscal Year 2006, the County received another Employment Incentive Grant in the amount of \$92,675. The corresponding long-term note was issued to Quality Industries, LLC for \$89,300 at a 3% interest rate per annum. The monthly installments are \$1,179.75 with a remaining balance of \$75,840 as of September 30, 2007. The current portion due is \$11,640.

Receivables as of year end for the County's Proprietary Fund - Solid Waste is as follows:

Receivables:	Solid Waste
Accounts	<u>\$ 12,881</u>

Receivables as of year end for the County's discretely presented component units are as follows:

Receivables:	Water & Sewer Utility Authority
Accounts	<u>\$ 46,457</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Retirements	Ending Balance
Primary Government:					
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	\$ 720,688	\$ -	\$ 1,174,648	\$ -	\$ 1,895,336
Construction in progress	573,115	-	471,684	-	1,044,799
Total non-depreciable capital assets	<u>1,293,803</u>	<u>-</u>	<u>1,646,332</u>	<u>-</u>	<u>2,940,135</u>
Depreciable Assets:					
Buildings	7,390,731	-	539,582	-	7,930,313
Machinery, equipment and other	3,993,842	-	328,473	(123,076)	4,199,239
Vehicles	3,678,430	-	161,489	(163,547)	3,676,372
Infrastructure	4,357,038	45,278,370	595,306	-	50,230,714
Recreational upgrades	604,628	-	-	-	604,628
Total depreciable capital assets	<u>20,024,669</u>	<u>45,278,370</u>	<u>1,624,850</u>	<u>(286,623)</u>	<u>66,641,266</u>
Less Accumulated Depreciation					
Buildings	(1,440,003)	-	(106,861)	-	(1,546,864)
Machinery, equipment and other	(837,055)	-	(206,136)	70,909	(972,282)
Vehicles	(931,756)	-	(184,488)	123,268	(992,976)
Infrastructure	(219,850)	(13,273,926)	(1,462,403)	-	(14,956,179)
Recreational upgrades	(25,507)	-	(12,093)	-	(37,600)
Total Accumulated Depreciation	<u>(3,454,171)</u>	<u>(13,273,926)</u>	<u>(1,971,981)</u>	<u>194,177</u>	<u>(18,505,901)</u>
Total depreciable capital assets, net	<u>16,570,498</u>	<u>32,004,444</u>	<u>(347,131)</u>	<u>(92,446)</u>	<u>48,135,365</u>
Governmental activities capital assets, net	<u><u>\$17,864,301</u></u>	<u><u>\$32,004,444</u></u>	<u><u>\$ 1,299,201</u></u>	<u><u>\$ (92,446)</u></u>	<u><u>\$51,075,500</u></u>
Business-type activities:					
Depreciable Assets:					
Buildings	\$ 21,699	\$ -	\$ -	\$ -	\$ 21,699
Machinery, equipment and other	543,183	-	49,783	-	592,966
Vehicles	142,562	-	-	-	142,562
Total depreciable capital assets	<u>707,444</u>	<u>-</u>	<u>49,783</u>	<u>-</u>	<u>757,227</u>
Less Accumulated Depreciation					
Buildings	(1,584)	-	(634)	-	(2,218)
Machinery, equipment and other	(208,784)	-	(23,785)	-	(232,569)
Vehicles	(54,761)	-	(6,265)	-	(61,026)
Total Accumulated Depreciation	<u>(265,129)</u>	<u>-</u>	<u>(30,684)</u>	<u>-</u>	<u>(295,813)</u>
Business-type activities capital assets, net	<u><u>\$ 442,315</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,099</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 461,414</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 116,617
Housing & Development	1,601
Judicial	5,835
Public Safety	261,682
Public Works	1,558,298
Recreation and Culture	27,948
Total Depreciation expense-governmental activities	<u>\$ 1,971,981</u>
Business-type activities:	
Solid Waste	<u>\$ 30,684</u>

Discretely Presented Component Units:

Health Department

Activity for the Health Department for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, equipment and other	\$ 30,479	\$ -	\$ -	\$ 30,479
Less Accumulated Depreciation	(30,479)	-	-	(30,479)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Library

Activity for the Library for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Machinery, equipment and other	\$ 122,742	\$ 23,975	\$ -	\$ 146,717
Books and Collections	942,388	2,487	(84,666)	860,209
Less Accumulated Depreciation				
Machinery, equipment and other	(100,927)	(2,823)	-	(103,750)
Books and Collections	(366,704)	(41,574)	84,666	(323,612)
Capital Assets, net	<u>\$ 597,499</u>	<u>\$ (17,935)</u>	<u>\$ -</u>	<u>\$ 579,564</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Water and Sewer Authority

Activity for the Water and Sewer Authority for the year ended September 30, 2007 was as follows. See Note 15 for more information on the prior period adjustment:

	Beginning Balance	Prior Period Adjustment	Additions	Retirements	Ending Balance
Non-Depreciable Assets:					
Construction in Progress	\$ 25,101	\$ -	\$ 278,112	\$ (1,891)	\$ 301,322
Depreciable Assets:					
Water Lines	6,168,324	633,041	91,359	-	6,892,724
Machinery, equipment and other	109,197	-	5,487	-	114,684
Total Depreciable Capital Assets	6,277,521	633,041	96,846	-	7,007,408
Less Accumulated Depreciation/Amortization					
Water Lines	(342,356)	(399,668)	(137,194)	-	(879,218)
Machinery, equipment and other	(31,933)	-	(8,335)	-	(40,268)
Total Depreciable Capital Assets, net	5,903,232	233,373	(48,683)	-	6,087,922
Capital Assets, Net	<u>\$ 5,928,333</u>	<u>\$ 233,373</u>	<u>\$ 229,429</u>	<u>\$ (1,891)</u>	<u>\$ 6,389,244</u>

The Authority amortizes a Feasibility Study over 20 years as well as a Water Conservation Plan over 10 years. Below is the amortization for the year ended September 30, 2007:

	Beginning Balance	Additions	Deductions	Ending Balance
Feasibility Study	\$ 19,482	\$ -	\$ -	\$ 19,482
Water Consumption Plan	13,403	-	-	13,403
Less Accumulated Amortization				
Feasibility Study	(3,491)	(974)	-	(4,465)
Water Consumption Plan	(112)	(1,340)	-	(1,452)
Feasibility Study, Net of Amortization	<u>\$ 29,282</u>	<u>\$ (2,314)</u>	<u>\$ -</u>	<u>\$ 26,968</u>

The Joint Development Authority for Franklin, Hart and Stephens Counties

Activity for The Joint Development Authority for Franklin, Hart and Stephens Counties for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Assets				
Land and improvements	\$ 1,357,145	\$ -	\$ -	\$ 1,357,145
Depreciable Assets:				
Site Improvements	2,855,189	-	-	2,855,189
Less Accumulated Depreciation	(82,925)	(58,397)	-	(141,322)
Total Depreciable Capital Assets, net	2,772,264	(58,397)	-	2,713,867
Capital Assets, Net	<u>\$ 4,129,409</u>	<u>\$ (58,397)</u>	<u>\$ -</u>	<u>\$ 4,071,012</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 7 - LONG TERM DEBT

Capital Leases

On July 1, 1999, the County entered into a lease purchase agreement with HHS Property Corporation to construct a building now known as the DFACS facility. The total cost of the DFACS facility was \$1,670,296. Principal payment on this lease started at the time construction was complete. The first payment was made on March 1, 2000 and the final payment will be due January 1, 2015, at which time, the County intends to take possession of the facility. Monthly payments are \$13,631.45 at 5.35% per annum. This agreement qualifies as a capital lease under FASB-13.

The County in turn has entered into a sublease rental agreement with the Georgia Department of Human Resources (DHR) whereby DHR will rent the facility for office space of the Hart County Division of Family and Children Services (DFACS). DHR pays to the County \$14,149.10 per month. Of this amount, \$13,631.45 is considered rent and \$517.65 is a monthly maintenance charge. The rental term runs from July 1 to June 30 of each year. The initial term began on August 1, 2000. DHR has the option of renewing this sublease agreement each July 1st for an additional term. The final additional term shall commence on the July 1st prior to the fifteenth anniversary of the initial commencement date, i.e., July 1, 2014 and expire at 11:59p.m. on the day before the fifteenth anniversary of the initial commencement date.

During FY 2007, the County made total payments of \$163,577 toward the DFACS building lease. Of this total payment, \$107,899 was a reduction of principal while \$55,678 was interest paid.

The future minimum lease obligations for the DFACS lease as of September 30, 2007 is as follows:

<u>Year Ending</u> <u>September 30</u>	<u>DFACS</u>
2008	\$ 163,577
2009	163,577
2010	163,577
2011	163,577
2012	163,577
(2013-2015)	<u>396,416</u>
Total	1,214,301
Less: Interest	<u>(246,555)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 967,746</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 7 - LONG TERM DEBT (CONTINUED)

Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require the County to close and place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. On May 1, 1997 in accordance with the provisions of the Georgia Comprehensive Solid Waste Management Act (OCGA 12-8-20) and the Rules of Solid Waste Management, Chapter 391-3-4, the County was issued a closure certificate for its landfill. The \$420,566 reported as landfill closure and post closure care liability at September 30, 2007 represents the estimated total amount necessary to perform all future closure and post closure functions. The amount reported is based on what it would cost to perform all closure and post closure care in 2007. Actual costs may be higher due to changes in inflation, technology, or applicable laws or regulations. Amortization of the above total closure and post closure care liability over the remaining 20 years of required monitoring is \$21,028 per year.

CHANGES IN LONG TERM DEBT

Long term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 239,040	\$ 40,369	\$ -	\$ 279,409	\$ 279,409
Capital leases	1,075,645	-	(107,899)	967,746	114,734
Governmental activities long-term liabilities	<u>\$ 1,314,685</u>	<u>\$ 40,369</u>	<u>\$ (107,899)</u>	<u>\$ 1,247,155</u>	<u>\$ 394,143</u>
Business-type activities:					
Compensated absences	\$ 6,175	\$ 2,239	\$ -	\$ 8,414	\$ 8,414
Landfill closure/postclosure	441,594	-	(21,028)	420,566	21,028
Business-type activities long-term liabilities	<u>\$ 447,769</u>	<u>\$ 2,239</u>	<u>\$ (21,028)</u>	<u>\$ 428,980</u>	<u>\$ 29,442</u>

The capital lease, which consists of a lease for a building housing the Division of Family & Children Services, will be paid from the Special Revenue (DFACS) Fund. The landfill closure and postclosure cost will be paid by the Solid Waste Fund. The compensated absences liability will be paid from the fund from which the employee's salaries are paid as follows:

<u>Fund</u>	<u>Compensated Absences Liability</u>
Governmental Activities:	
General	\$ 270,419
Victims Assistance	5,074
E-911	3,445
Insurance Premium	471
Total	<u>\$ 279,409</u>
Business-type activities:	
Solid Waste	<u>\$ 8,414</u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 7 - LONG TERM DEBT (CONTINUED)

COMPONENT UNITS

Health Department

Long term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	<u>\$ 27,345</u>	<u>\$ 26,562</u>	<u>\$ (26,041)</u>	<u>\$ 27,866</u>	<u>\$ 26,000</u>

The Compensated Absences will be paid by the Hart County Health Department.

Water and Sewer Authority

Long term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	<u>\$ 95,362</u>	<u>\$ -</u>	<u>\$ (11,105)</u>	<u>\$ 84,257</u>	<u>\$ 11,328</u>

In FY 2003 Hart County Water and Sewer Authority began the Waterline Extension/Lavonia Connector Phase 1 project. It was funded by the City of Lavonia and a GEFA Loan. The project was completed in June 2005, at a cost of \$196,165. Current Depreciation was \$3,923 and the book value at September 30, 2007 is \$182,434.

The Georgia Environmental Facilities Authority (GEFA) Loan is a low interest loan with a original principal loan amount of \$116,918. As of September 30, 2007 the GEFA Loan carried a balance of \$84,257 with an annual interest rate of 2%. The first payment of \$3,232.25 was due on October 1, 2004 and then quarterly thereafter. Below is the future minimum obligated payments:

Year Ending September 30	Interest	Principal	Total Payment
2008	\$ 1,601	\$ 11,328	\$ 12,929
2009	1,372	11,557	12,929
2010	1,139	11,790	12,929
2011	902	12,027	12,929
2012	659	12,270	12,929
2013-2014	<u>573</u>	<u>25,285</u>	<u>25,858</u>
Total	<u>\$ 6,246</u>	<u>\$ 84,257</u>	90,503
	Less: Interest		<u>(6,246)</u>
	Present Value of Minimum Payments		<u>\$ 84,257</u>

The GEFA Loan will be paid by Hart County Water and Sewer Authority.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 7 - LONG TERM DEBT (CONTINUED)

The Joint Development Authority of Franklin, Hart and Stephens Counties

Long term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	<u>\$ 723,664</u>	<u>\$ -</u>	<u>\$ (55,058)</u>	<u>\$ 668,606</u>	<u>\$ 55,295</u>

The Authority is obligated to pay to the Hart County Electric Membership Corporation \$4,166.67 monthly, at no interest until the balance, \$187,500, is paid. The original loan in the amount of \$387,500 was for Capital Improvements. The Improvements were completed at a cost of \$2,855,189 with accumulated depreciation of \$141,323 at June 30, 2007.

On July 18, 2002, the Authority borrowed on a promissory note from the United States Department of Agriculture (U.S.D.A.) \$500,000 for Capital Improvements. According to the terms of the note, total payments of \$28,150 including interest at 4.75% per annum are due beginning July 18, 2003 and every year thereafter. In addition, the Authority must set aside in a reserve account \$2,815 annually until such balance reaches \$28,150. The Improvements were completed at a cost of \$2,855,189 with accumulated depreciation of \$141,323 at June 30, 2007.

Below is the debt amortization of the U.S.D.A. note and the Hart County Electric Membership Corporation note:

Year Ending June 30	U.S.D.A. Loan			Hart County EMC	Total Debt Pmt.
	Principal	Interest	Total Payment		
2008	\$ 5,295	\$ 22,855	\$ 28,150	\$ 50,000	\$ 78,150
2009	5,546	22,604	28,150	50,000	78,150
2010	5,810	22,340	28,150	50,000	78,150
2011	6,086	22,064	28,150	37,500	65,650
2012	6,375	21,775	28,150	-	28,150
2013-2017	36,716	104,034	140,750	-	140,750
2018-2022	46,305	94,445	140,750	-	140,750
2023-2027	58,400	82,350	140,750	-	140,750
2028-2032	73,654	67,096	140,750	-	140,750
2033-2037	92,892	47,858	140,750	-	140,750
2038-2043	144,027	24,872	168,899	-	168,899
Total	<u>\$ 481,106</u>	<u>\$ 532,293</u>	1,013,399	187,500	1,200,899
Less: Interest			(532,293)	-	(532,293)
Present Value of Minimum Lease Payments			<u>\$ 481,106</u>	<u>\$ 187,500</u>	<u>\$ 668,606</u>

The above notes will be paid by The Joint Development Authority of Franklin, Hart and Stephens Counties.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2007 were as follows:

Transfer from the Insurance Premium Tax Fund to the Solid Waste Fund	<u>\$ 145,092</u>
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Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to return money to the fund from which it was originally provided, once a project is completed.

The County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

NOTE 9 - INTERFUND BALANCES: DUE TO/FROM

Interfund balances for the year ended September 30, 2007 were as follows:

Payable To:	Payable From:				
	SPLOST #3	Multiple Grant	E-911	Solid Waste	Total
Major Funds:					
General Fund	<u>\$ 2,000,000</u>	<u>\$ 25</u>	<u>\$ 58</u>	<u>\$ 3,038</u>	<u>\$ 2,003,121</u>

Interfund balances at 09/30/2007, represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

**HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 10 - EMPLOYEE BENEFITS AND RETIREMENT PLAN

The County provides certain group insurance benefits for eligible employees who are employed over 90 days. The County does not provide other post employment benefits (OPEB).

NOTE 11 – PENSION PLANS

A. Defined Contribution Plan

The County adopted the Hart County Defined Contribution Money Plan, which operates in conjunction with a Deferred Compensation Plan as discussed below. The plan is administered by Mack Poss and Associates. The Plan can be amended or removed by a majority vote of the Hart County Board of Commissioners. Contributions required under the plan equaled \$ 79,253 by the County and \$ 139,211 by employees. Actual contributions made to the plan were \$79,253 by the County and \$139,211 by the employees. Percentage of covered payroll contributed by the County was 3.0% and 5.3% by the employees. Total salaries paid for the current year were \$5,543,750, and total current year covered payroll was \$2,641,782.

B. Deferred Compensation Plan

The County offers a deferred compensation plan created in Fiscal Year 1994, in accordance with Internal Revenue Code 457. The plan is available to all full time County employees (who work more than thirty hours per week) after one year of employment. The plan is funded through payroll deductions with the maximum contribution being 25% and a ceiling dollar amount of \$ 15,500 per year with certain catch-up provisions for employees who are at least 50 years old.

The contributions from both of the above plans are invested with Lincoln National Life and ING Insurance Companies. The following is a summary of the Hart County employee retirement plan:

- (1) Only full time employees are eligible.
- (2) Employees must complete one year of service to be eligible for participation in the plan. One year of service is defined as 12 consecutive months of full time service. Any employee with a break in full time service will be treated as a new employee.
- (3) The plan is structured in the following manner:
 - A. Upon completion of one to three years of service, the employer will match 50% of the employee's contribution to a maximum of 3% of the employee's annual salary.
 - B. Upon completion of three to five years of service, the employer will match 75% of the employee's contribution to a maximum of 3% of the employee's annual salary.
 - C. Upon completion of five or more years of service, the employer will match 100% of the employee's contribution to a maximum of 3% of the employee's annual salary.
- (4) Employees will be 100% vested after completion of five years of service. Employees will be 100% vested in his/her contribution immediately.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 11 – PENSION PLANS (CONTINUED)

(5) Participation in the plan and increases in the County match percentage will begin at the first of the month following the employee's anniversary date.

(6) Employees may contribute up to a maximum of \$15,500 or 25% of their annual salary. There are additional catch-up provisions for employees nearing retirement.

(7) Employees will have a choice regarding how their contributions are invested as detailed below:

- A. A fixed account (i.e. annuity) with ING insurance company
- B. Fixed and variable accounts (i.e. mutual funds) with Lincoln National - the variable accounts are managed by Janis and Fidelity.
- C. Employees may participate in any combination of available funds in 10% increments.

(8) Employee and employer contributions are tax deferred. Taxes will be due upon withdrawal.

There were no changes or revisions to the plan for the year ended September 30, 2007.

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the ACCG - IRMA (Interlocal Risk Management Agency) and the ACCG Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverage.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 12 - RISK MANAGEMENT (CONTINUED)

The following are insurance and liability coverage limits:

Property	\$24,000,000 est
Inland Marine	1,600,000 est
Liability limits per occurrence:	
Comprehensive General Liability, Law Enforcement Liability	
Officials Liability	3,000,000
Automobile Liability	3,000,000
Employee Benefits Plans Administration Liability and	
Health Care Facility Medical Professional Liability	3,000,000
Crime Protection	150,000
Employee Dishonesty	50,000

All coverage's are subject to a per occurrence deductible of \$1,000.

Medical coverage for employees is with Health Plan Select. The County has two plans that have various co pays ranging from \$15 to \$300 depending on the plan and type of treatment. The maximum annual out-of-pocket is either \$1,500 individually/\$4,500 family for the H-352 plan and \$2,500 individually/\$7,500 family for the H-502 plan. The maximum lifetime benefit for both plans is \$5,000,000.

NOTE 13 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Hart County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County. There were no known contingent liabilities which would materially effect the financial statements.

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 14 - RECONCILIATION OF FUNDS EXPENDED TO COMPONENT UNITS

The funds expended between The Joint Development Authority of Franklin, Hart & Stephens County and Hart County require an reconciliation due to the Authority having a year end of June 30, 2007. Reconciliation of monies expended by Hart County and revenues received by the Authority are as follows:

Total Funds contributed or expended by Hart County FY' 07 on behalf of the Authority.	\$ 10,143
Less funds paid to the Authority between June 30, 2007 and September 30, 2007	(2,286)
Plus funds paid to the Authority between July 1, 2006 and September 30, 2006	<u>40,589</u>
Revenue shown on The Joint Development Authority of Franklin, Hart & Stephens Co. Audit for Year Ending June 30, 2007	<u><u>\$ 48,446</u></u>

The funds expended between The Hart County Library and Hart County also require a reconciliation due to the Library having a year end of June 30, 2007. Reconciliation of monies expended by Hart County and revenues received by the Library are as follows:

Total Funds contributed or expended by Hart County FY' 07 on behalf of the Library.	\$ 90,000
Less funds paid to the Library between June 30, 2007 and September 30, 2007	(22,500)
Plus funds paid to the Library between July 1, 2006 and September 30, 2006	<u>22,500</u>
Revenue shown on The Hart County Library Audit for Year Ending June 30, 2007	<u><u>\$ 90,000</u></u>

HART COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 15 - PRIOR PERIOD ADJUSTMENTS

Infrastructure

Beginning with Fiscal Year 2007, the County implemented the provisions of GASB Statement #34. This statement significantly changes the reporting requirements for the government's infrastructure.

Implementation of GASB Statement #34 resulted in certain retroactive adjustments to beginning net assets for governmental activities. A prior period adjustment on the Statement of Activities was required to make the adjustments necessary to record infrastructure of \$32,004,444, net of \$13,273,926 of accumulated depreciation.

There were two prior period adjustments required for Hart County Water & Sewer Authority during Fiscal Year 2007. During FY '06 a group of water lines were booked that were discovered to be property of the various municipalities in which the water lines were located in. The other adjustment was made in order to book an asset that had been deeded over to the Authority. This water line and other components, the Myers Line, was originally constructed in the late 1970's. The total adjustment needed for both entries amounted to \$233,373.

Prior Period Adjustments as presented on the Statement of Activities

Governmental Funds:

Infrastructure	\$ 45,278,370
Accumulated Depreciation	<u>(13,273,926)</u>
Net prior period adjustment for Governmental Funds	<u><u>\$ 32,004,444</u></u>

Component Units:

Hart County Water & Sewer Authority - Water Lines	<u>\$ 233,373</u>
Hart County Health Department - FY '06 Expenditures	<u><u>\$ (1,481)</u></u>

NOTE 16 - JOINT VENTURE

Under Georgia Law, the County, in conjunction with other cities and counties in the area, are members of the Georgia Mountains Regional Development Center (RDC) and is required to pay annual dues. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality in the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Development Center, P.O. Box 1720, Gainesville, Georgia 30503.

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2007

Required Supplementary Information

**HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

**For the Year Ended September 30, 2007
(Required Supplementary Information)**

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,872,867	\$ 6,872,867	\$ 6,999,942	\$ 127,075
Licenses and permits	59,900	59,900	59,780	(120)
Intergovernmental	828,501	828,501	812,542	(15,959)
Fines and forfeitures	430,000	430,000	474,719	44,719
Charges for services	663,450	663,450	802,456	139,006
Investment earnings	186,000	186,000	202,487	16,487
Contributions & Donations	200	200	2,014	1,814
Miscellaneous	134,200	134,200	181,116	46,916
TOTAL REVENUES	9,175,118	9,175,118	9,535,056	359,938
EXPENDITURES				
Current Expenditures				
General Government				
General Government	171,826	150,896	150,379	517
Board of Registrars	39,337	44,337	44,235	102
Elections	31,916	26,916	24,155	2,761
Professional	110,000	135,000	134,925	75
Executive	331,966	335,966	335,958	8
Tax Commissioner	236,566	262,566	256,823	5,743
Tax Assessors	281,382	291,382	263,360	28,022
Risk Management	314,000	327,000	326,087	913
Buildings and Properties	111,800	1,953,100	606,817	1,346,283
General Administration Fees	4,450	4,450	3,945	505
Total General Government	1,633,243	3,531,613	2,146,684	1,384,929
Judicial				
Superior Court	115,975	117,275	117,270	5
Clerk of Superior Court	290,740	288,240	286,317	1,923
Probate Court	212,663	212,663	208,861	3,802
Juvenile Court	65,737	58,737	58,490	247
Grand Jury	38,219	42,619	42,576	43
Public Defender	48,250	48,250	48,250	-
District Attorney	6,800	7,900	7,900	-
Magistrate Court	177,236	172,166	171,287	879
Board of Equalization	8,809	16,309	16,293	16
Misdemeanor Probation	6,050	6,050	6,050	-
Total Judicial	970,479	970,209	963,294	6,915
Public Safety				
Sheriff	1,553,579	1,505,978	1,450,570	55,408
Jail Operations	919,782	994,782	994,170	612
Whitworth Parole Center	27,000	27,000	26,773	227
Coroner and Medical Examiner	18,666	18,666	15,223	3,443
Emergency Management	21,593	21,593	20,503	1,090
Emergency Medical Service	1,392,475	1,502,475	1,406,471	96,004
Animal Control	35,000	36,000	36,000	-
Total Public Safety	\$ 3,968,095	\$ 4,106,494	\$ 3,949,710	\$ 156,784

continued....

HART COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2007
(Required Supplementary Information)

continued....	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public Works				
Highways & Streets	\$ 1,229,335	\$ 1,229,335	\$ 1,095,309	\$ 134,026
Maintenance Shop	338,753	338,753	310,940	27,813
Total Public Works	1,568,088	1,568,088	1,406,249	161,839
Public Health and Welfare				
Health	76,821	81,721	81,651	70
Welfare	142,101	146,701	146,684	17
Senior Citizens Center	91,049	96,579	96,548	31
Transportation Services	70,916	69,616	69,545	71
Total Public Health and Welfare	380,887	394,617	394,428	189
Recreation and Culture				
Recreation	273,792	273,792	271,916	1,876
HYDRA	17,500	17,500	17,500	-
Library Administration	693,600	724,100	633,532	90,568
Total Recreation and Culture	984,892	1,015,392	922,948	92,444
Housing and Development				
Agricultural Resources	79,428	81,428	81,292	136
Forest Resources	2,340	2,440	2,352	88
Economic Development & Assistance	165,239	163,139	149,780	13,359
Airport Authority	13,045	13,045	7,250	5,795
Community Action Programs	100	100	100	-
Adult Basic Education	25,000	25,000	25,000	-
Total Housing and Development	285,152	285,152	265,774	19,378
TOTAL EXPENDITURES	9,790,836	11,871,565	10,049,087	1,822,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(615,718)	(2,696,447)	(514,031)	2,182,416
OTHER FINANCING SOURCES(USES)				
Carryover of funds	615,718	2,696,447	-	(2,696,447)
NET CHANGE IN FUND BALANCE	-	-	(514,031)	(514,031)
FUND BALANCE, Beginning of year	-	-	6,344,120	6,344,120
FUND BALANCE, End of year	\$ -	\$ -	\$ 5,830,089	\$ 5,830,089

HART COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2007

NOTE 1 - BUDGETARY INFORMATION

Budgets for the general fund are adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

During FY 2007, there were no departments that overspent their budget.

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2007

Supplementary Information

**HART COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007**

	<u>Capital Projects Funds</u>		<u>Special Revenue Funds</u>		
	<u>Multiple Grant Fund</u>	<u>Economic Development Fund</u>	<u>D.H.R. DFACS Building</u>	<u>Drug Abuse Treatment and Education</u>	<u>E911</u>
ASSETS					
Cash and cash equivalents	\$ 1,150	\$ 93,791	\$ 32,830	\$ 98,147	\$ 550,768
Receivables(net of allowance for uncollectibles)	-	-	-	678	63,587
TOTAL ASSETS	<u><u>\$ 1,150</u></u>	<u><u>\$ 93,791</u></u>	<u><u>\$ 32,830</u></u>	<u><u>\$ 98,825</u></u>	<u><u>\$ 614,355</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 27,053
Other accrued items	-	-	-	-	1,463
Due to other funds	25	-	-	-	58
TOTAL LIABILITIES	<u><u>25</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>28,574</u></u>
FUND BALANCES					
Unreserved, undesignated, reported in:					
Special Revenue Funds	-	-	32,830	98,825	585,781
Capital Projects Funds	<u>1,125</u>	<u>93,791</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u><u>1,125</u></u>	<u><u>93,791</u></u>	<u><u>32,830</u></u>	<u><u>98,825</u></u>	<u><u>585,781</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,150</u></u>	<u><u>\$ 93,791</u></u>	<u><u>\$ 32,830</u></u>	<u><u>\$ 98,825</u></u>	<u><u>\$ 614,355</u></u>

Special Revenue Funds

Insurance Premium Tax	Jail	Behavioral Health Escrow	Law Library	Victims Assistance	Employment Incentive Program Fund #1	Employment Incentive Program Fund #2	TOTAL
\$ 853,456	\$ 39,921	\$ 22,423	\$ 3,447	\$ 259,240	\$ 78,738	\$ 15,532	\$ 2,049,443
651	1,687	-	-	6,607	2,258	1,092	76,560
<u>\$ 854,107</u>	<u>\$ 41,608</u>	<u>\$ 22,423</u>	<u>\$ 3,447</u>	<u>\$ 265,847</u>	<u>\$ 80,996</u>	<u>\$ 16,624</u>	<u>\$ 2,126,003</u>
\$ 4,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,524
651	-	-	-	491	-	-	2,605
-	-	-	-	-	-	-	83
<u>5,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>-</u>	<u>34,212</u>
848,985	41,608	22,423	3,447	265,356	80,996	16,624	1,996,875
-	-	-	-	-	-	-	94,916
<u>848,985</u>	<u>41,608</u>	<u>22,423</u>	<u>3,447</u>	<u>265,356</u>	<u>80,996</u>	<u>16,624</u>	<u>2,091,791</u>
<u>\$ 854,107</u>	<u>\$ 41,608</u>	<u>\$ 22,423</u>	<u>\$ 3,447</u>	<u>\$ 265,847</u>	<u>\$ 80,996</u>	<u>\$ 16,624</u>	<u>\$ 2,126,003</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	<u>Capital Projects Funds</u>		<u>Special Revenue Funds</u>		
	<u>Multiple Grant Fund</u>	<u>Economic Development Fund</u>	<u>D.H.R. DFACS Building</u>	<u>Drug Abuse Treatment and Education</u>	<u>E911</u>
REVENUES					
Intergovernmental	\$ 141,712	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-
Charges for Services	-	-	169,789	-	412,803
Fines and Forfeitures	-	-	-	17,091	-
Investment Earnings	-	4,996	991	4,920	25,889
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	<u>141,712</u>	<u>4,996</u>	<u>170,780</u>	<u>22,011</u>	<u>438,692</u>
EXPENDITURES					
General Government	45	-	-	-	-
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	354,260
Public Works	141,712	-	-	-	-
Health and Welfare	-	-	7,080	25,797	-
Housing and Development	-	8,000	-	-	-
Debt Service:					
Principal	-	-	107,899	-	-
Interest and paying agent fees	-	-	55,679	-	-
TOTAL EXPENDITURES	<u>141,757</u>	<u>8,000</u>	<u>170,658</u>	<u>25,797</u>	<u>354,260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45)	(3,004)	122	(3,786)	84,432
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(45)	(3,004)	122	(3,786)	84,432
FUND BALANCES, Beginning of year	<u>1,170</u>	<u>96,795</u>	<u>32,708</u>	<u>102,611</u>	<u>501,349</u>
FUND BALANCES, End of year	<u>\$ 1,125</u>	<u>\$ 93,791</u>	<u>\$ 32,830</u>	<u>\$ 98,825</u>	<u>\$ 585,781</u>

Special Revenue Funds

Insurance Premium Tax	Jail	Behavioral Health Escrow	Law Library	Victims Assistance	Employment Incentive Program Fund #1	Employment Incentive Program Fund #2	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 24,809	\$ -	\$ 2,324	\$ 168,845
819,871	-	-	-	-	-	-	819,871
-	-	6,000	-	-	-	-	588,592
-	28,030	-	5,602	78,521	-	-	129,244
56,341	1,901	903	-	12,432	10,625	2,590	121,588
2,984	-	-	-	-	21,006	11,639	35,629
<u>879,196</u>	<u>29,931</u>	<u>6,903</u>	<u>5,602</u>	<u>115,762</u>	<u>31,631</u>	<u>16,553</u>	<u>1,863,769</u>
19,196	-	-	-	-	-	-	19,241
-	-	-	5,483	-	-	-	5,483
345,608	25,236	-	-	-	-	-	725,104
75,857	-	-	-	-	-	-	217,569
-	-	928	-	77,660	-	-	111,465
-	-	-	-	-	1,294	3,193	12,487
-	-	-	-	-	-	-	107,899
-	-	-	-	-	-	-	55,679
<u>440,661</u>	<u>25,236</u>	<u>928</u>	<u>5,483</u>	<u>77,660</u>	<u>1,294</u>	<u>3,193</u>	<u>1,254,927</u>
438,535	4,695	5,975	119	38,102	30,337	13,360	608,842
<u>(145,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,092)</u>
293,443	4,695	5,975	119	38,102	30,337	13,360	463,750
<u>555,542</u>	<u>36,913</u>	<u>16,448</u>	<u>3,328</u>	<u>227,254</u>	<u>50,659</u>	<u>3,264</u>	<u>1,628,041</u>
<u>\$ 848,985</u>	<u>\$ 41,608</u>	<u>\$ 22,423</u>	<u>\$ 3,447</u>	<u>\$ 265,356</u>	<u>\$ 80,996</u>	<u>\$ 16,624</u>	<u>\$ 2,091,791</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2007

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	\$ 188,981	\$ 91,741	\$ 21,401	\$ 22,618	\$ 34,761	\$ 359,502
Taxes Receivable	1,280,078	-	-	-	-	1,280,078
TOTAL ASSETS	<u>\$ 1,469,059</u>	<u>\$ 91,741</u>	<u>\$ 21,401</u>	<u>\$ 22,618</u>	<u>\$ 34,761</u>	<u>\$ 1,639,580</u>
LIABILITIES						
Due to others	<u>\$ 1,469,059</u>	<u>\$ 91,741</u>	<u>\$ 21,401</u>	<u>\$ 22,618</u>	<u>\$ 34,761</u>	<u>\$ 1,639,580</u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
September 30, 2007

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash, Balance Sept. 30, 2006	\$ 181,266	\$ 108,783	\$ 33,593	\$ 14,751	\$ 58,969	\$ 397,362
Additions	18,659,293	679,435	302,223	293,959	211,888	20,146,798
Deductions	(18,651,578)	(696,477)	(314,415)	(286,092)	(236,096)	(20,184,658)
Cash, Balance Sept. 30, 2007	188,981	91,741	21,401	22,618	34,761	359,502
Taxes Receivable, Sept. 30, 2006	903,374	-	-	-	-	903,374
Additions	14,670,215	-	-	-	-	14,670,215
Deductions	(14,293,511)	-	-	-	-	(14,293,511)
Taxes Receivable, Sept. 30, 2007	1,280,078	-	-	-	-	1,280,078
TOTAL ASSETS	\$ 1,469,059	\$ 91,741	\$ 21,401	\$ 22,618	\$ 34,761	\$ 1,639,580
LIABILITIES						
Due to others, Sept. 30, 2006	\$ 1,084,640	\$ 108,783	\$ 33,593	\$ 14,751	\$ 58,969	\$ 1,300,736
Additions	18,659,293	679,435	302,223	293,959	211,888	20,146,798
Deductions	(18,274,874)	(696,477)	(314,415)	(286,092)	(236,096)	(19,807,954)
Due to others, Sept. 30, 2007	1,469,059	91,741	21,401	22,618	34,761	1,639,580
TOTAL LIABILITIES, Sept. 30, 2007	\$ 1,469,059	\$ 91,741	\$ 21,401	\$ 22,618	\$ 34,761	\$ 1,639,580

HART COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS - GOVERNMENTAL ACTIVITIES
September 30, 2007

	Library	Health Department	Total Governmental Activities (Nonmajor)
ASSETS			
Cash and cash equivalents	\$ 40,698	\$ 134,946	\$ 175,644
Receivables(net of allowance for uncollectibles)	-	22,738	22,738
Capital assets:			
Machinery, equipment, and other	146,717	30,479	177,196
Books and collections	860,209	-	860,209
Less accumulated depreciation	(427,362)	(30,479)	(457,841)
Capital assets, net of depreciation	<u>579,564</u>	<u>-</u>	<u>579,564</u>
 <i>Total Assets</i>	 <u>620,262</u>	 <u>157,684</u>	 <u>777,946</u>
 LIABILITIES			
Accounts payable	-	7,423	7,423
Compensated absences	<u>-</u>	<u>27,866</u>	<u>27,866</u>
 <i>Total Liabilities</i>	 <u>-</u>	 <u>35,289</u>	 <u>35,289</u>
 NET ASSETS			
Invested in capital assets, net of related debt	579,564	-	579,564
Unrestricted	<u>40,698</u>	<u>122,395</u>	<u>163,093</u>
 <i>Total Net Assets</i>	 <u><u>\$ 620,262</u></u>	 <u><u>\$ 122,395</u></u>	 <u><u>\$ 742,657</u></u>

HART COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS
NONMAJOR COMPONENT UNITS - GOVERNMENTAL ACTIVITIES
September 30, 2007

	<u>Library</u>	<u>Health Department</u>	<u>Total Governmental Activities (Nonmajor)</u>
REVENUES			
Intergovernmental	\$ 90,000	\$ 68,904	\$ 158,904
Grants and Contributions	202,584	219,226	421,810
Charges for Services	2,274	323,712	325,986
Investment Earnings	2,081	-	2,081
Miscellaneous	37	5,135	5,172
<i>Total Revenue</i>	<u>296,976</u>	<u>616,977</u>	<u>913,953</u>
EXPENDITURES			
Health and Welfare	-	685,256	685,256
Recreation and Culture	363,976	-	363,976
<i>Total Expenditures</i>	<u>363,976</u>	<u>685,256</u>	<u>1,049,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,000)	(68,279)	(135,279)
NET ASSETS, Beginning of year	687,262	192,155	879,417
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(1,481)</u>	<u>(1,481)</u>
NET ASSETS, End of year	<u>\$ 620,262</u>	<u>\$ 122,395</u>	<u>\$ 742,657</u>

HART COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2007

Additional Supplementary Information

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February 18, 2008

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULES OF
PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX**

Honorable Chairman and
Members of the Board of Commissioners
Hart County
Hartwell, Georgia

I have audited the accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax for Hart County, Georgia for the year ended September 30, 2007. These schedules are the responsibility of Hart County, Georgia's management. My responsibility is to express an opinion on the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax were prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and are not intended to be a complete presentation of Hart County's revenues and expenditures.

In my opinion, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax referred to above present fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Hart County, Georgia's resolution or ordinance calling for the tax for the year ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL
OPTION SALES TAX (SPLOST #2)
For the Year Ended September 30, 2007

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Estimated Percentage of Completion</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Years</u>	
Roads, Streets and Bridges	\$ 4,500,000	\$ 4,500,000	\$ 5,242,733	\$ 256,688	100.00%
Water System and Capital Outlay	3,300,000	3,300,000	2,271,009	466,032	82.94%
Industrial Development Capital Outlay	1,860,000	1,860,000	1,754,562	492,855	100.00%
County Library/Literacy Center Capital Outlay	300,000	300,000	320,998	-	100.00%
Fire Protection Equipment	1,020,000	1,020,000	1,128,076	12,700	100.00%
Recreational Facilities	1,020,000	1,020,000	1,013,475	6,725	100.00%
Total	\$12,000,000	\$12,000,000	\$ 11,730,853	\$ 1,235,000	
				\$12,965,853	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: On November 7, 2000, the Special One Percent Sales Tax #2 was approved by voters in Hart County with funds to be specifically used

- 1) Roads, Streets & Bridges
- 2) Economic Development
- 3) Recreational Facilities
- 4) County Library/Literacy Center
- 5) Fire Fighting Equipment
- 6) Water Projects

HART COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL
OPTION SALES TAX (SPLOST #3)
For the Year Ended September 30, 2007

Project	Estimated Cost		Expenditures		Total	Estimated Percentage of Completion
	Original	Current	Prior Years	Current Years		
Roads, Streets and Bridges	\$ 4,036,600	\$ 4,036,600	\$ 1,303,229	\$ 912,679	\$ 2,215,908	54.90%
Water System Capital Outlay	3,200,000	3,200,000	-	-	-	0.00%
Industrial Development Capital Outlay	3,200,000	3,200,000	-	503,926	503,926	15.75%
Capital Outlay Projects for the City of Royston	99,000	99,000	-	-	-	0.00%
Capital Outlay Projects for the City of Bowersville	83,000	83,000	-	939	939	1.13%
Capital Outlay Projects for the City of Canon	15,000	15,000	-	-	-	0.00%
Sewer Improvements for the City of Hartwell	2,246,400	2,246,400	264,113	461,428	725,541	32.30%
Fire Protection Equipment	1,360,000	1,360,000	796,590	78,244	874,834	64.33%
Recreational Facilities	1,360,000	1,360,000	573,116	317,616	890,732	65.50%
Total	<u>\$15,600,000</u>	<u>\$15,600,000</u>	<u>\$2,937,048</u>	<u>\$2,274,832</u>	<u>\$ 5,211,880</u>	

Note A: The SPLOST schedule has been prepared on the modified accrual basis of accounting

Note B: On November 8, 2005, the Special One Percent Sales Tax #3 was approved by voters in Hart County with funds to be specifically used for:

- 1) Roads, Streets & Bridges
- 2) Water System Capital Outlay Projects
- 3) Economic Development Capital Outlay Projects
- 4) Recreational Facilities
- 5) Fire Fighting Equipment
- 6) Water & Sewer Projects for the City of Hartwell
- 7) Capital Outlay Projects for the Cities of Royston, Bowersville and Canon

Note C: The estimated \$15,600,000 SPLOST was approved by election held on November 8, 2005, and shall continue for a period of 6 years with collections starting on April 1, 2006.

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February 18, 2008

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

The Honorable Chairman and
Members of the Board of Commissioners
Hart County
Hartwell, Georgia

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hart County, Georgia as of and for the year ended September 30, 2007, which collectively comprise the Hart County, Georgia's basic financial statements and have issued my report thereon dated February 18, 2008. I did not audit the financial statements of the Hart County Health Department, a nonmajor component unit. These financial statements were audited by other auditors whose reports have been furnished to me. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Hart County, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hart County, Georgia's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Chairman, Members of the Board of Commissioners, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant